



Santa Clara Valley Water District

File No.: 20-0340

Agenda Date: 5/12/2020

Item No.: 3.2.

BOARD AGENDA MEMORANDUM

SUBJECT:

Adopt the Resolution Delegating Authority to Deposit and Invest Funds to the Treasurer or his or her Designee, and Approve the Board Investment Policy for Fiscal Year 2020-21.

RECOMMENDATION:

- A. Adopt a Resolution DELEGATING AUTHORITY TO DEPOSIT AND INVEST FUNDS TO THE TREASURER OR HIS OR HER DESIGNEE, during Fiscal Year 2020-21; and
- B. Approve the Board Investment Policy for Fiscal Year 2020-21.

SUMMARY:

In accordance with Executive Limitation 4.9 regarding treasury and investment management, and pursuant to California Government Code (Government Code) Sections 53607 and 53608, staff recommends that the Board: (A) Adopt the resolution delegating authority to deposit and invest funds to the Treasurer or her designee, and (B) Approve the investment policy for Fiscal Year 2020-21.

Delegation of Authority to Deposit and Invest Public Funds

The authority to deposit and invest public funds belongs to the Board and may be delegated to the Treasurer and her designee. The Treasurer is designated by the Chief Executive Officer and is currently the Chief Financial Officer, who in turn has delegated the investment duties to the Treasury/Debt Officer.

Per Government Code Sections 53607 and 53608, the delegation of authority to invest must be renewed annually by the Board. The Board's current delegation to the Treasurer to invest Santa Clara Valley Water District (Valley Water) funds expire on June 30, 2019. If the Board chooses not to delegate the authority to invest funds in Fiscal Year 2019-20, the Treasurer will be limited to making deposits only, and the Board will be responsible for the investment of Valley Water's funds. Furthermore, Government Code Section 53608 requires the Board to delegate the authority to deposit funds for safekeeping with a federal or state association (as defined by Section 5102 of the California Financial Code), a trust company or state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System. Through the Board's adoption of the resolution attached to this memorandum as Attachment 1, the Board, pursuant to Government Code

Sections 53607 and 53608, will delegate to the Treasurer, designated by the Chief Executive Officer, the authority to invest or deposit such funds during Fiscal Year 2020-21 in accordance with the provisions set forth in the Government Code.

Investment Policy

The Valley Water Investment Policy is consistent with the Government Code and follows the priorities of safety, liquidity and yield. The Investment Policy applies to Valley Water's pooled investment fund which encompasses all monies under the direct oversight of the Treasurer. Included in the investment pool are Valley Water's General Fund, the Safe, Clean Water Fund, the Watershed Funds, the Water Utility Enterprise Fund, the Equipment Service Fund, the Risk Insurance Fund, and debt proceeds with special consideration given to specific provisions contained in the indentures for each debt issuance.

Climate Divestment Policy

On August 27, 2013, the Board adopted a new Executive Limitation, EL-4.9.3. No investments will be made in fossil fuel companies with significant carbon emissions potential. As a result of this action, Valley Water shall not invest in the top 200 fossil fuel companies based on the list published by the non-profit organization, 350.org. The list published by 350.org is included in Exhibit C of Attachment 2-Investment Policy.

Valley Water's investment portfolio is in full compliance with the Climate Divestment Policy and has zero investments in fossil fuel companies.

FINANCIAL IMPACT:

Adoption of the resolution will ensure that Valley Water funds continue to be invested under the Investment Policy for Fiscal Year 2020-21. Estimated investment earnings of \$7.9 million have been included in the Fiscal Year 2020-21 budget.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: Resolution

Attachment 2: FY 20-21 Board Investment Policy

UNCLASSIFIED MANAGER:

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